

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-06 ISO-00 EB-05 RSC-01 /013 R

66617

DRAFTED BY: COM/OED/MEPD/W. HAIMES

APPROVED BY: EB/OCA/REP:LAKLIEFORTH

COM/OED/MEPD/JSANDS, DIR

COM/OED/MEPD/CATKINS

STATE/EM/SE/BHIRSHORN PHONE

EB/FSE:WWHITMAN INFO

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R 172222Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

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E.O. 11652: N/A

TAGS: BEXP, GR

SUBJECT: ASPROPYRGOS REFINERY EXPANSION AND ETHYLENE FACILITY

1. KELLOGG AND LUMMUS REPRESENTATIVES HAVE ADVISED THAT COMMERCE AND EMBASSY EFFORTS ON THEIR BEHALF RE ASPROPYRGOS REFINERY PROJECT HAVE BEEN MOST IMPRESSIVE AND OF GREAT ASSISTANCE. ACCORDING TO INDUSTRY REPS, MEPD/EMBASSY ORGANIZED GROUP VISIT IN AUGUST FOR DISCUSSIONS WITH TAVOULARIS WAS UNIQUELY EFFECTIVE IN ESTABLISHING A CONDUCIVE ATMOSPHERE FOR NEGOTIATION. IN ADDITION, THEY COMMEND EMBASSY FOR CONTINUED ATTENTION TO U.S. COMMERCIAL INTERESTS DURING DIFFICULT POLITICAL TRANSITION PERIOD IN GREECE.

2. MOST IMPORTANT RESULT OF USG/INDUSTRY VISIT WAS AGREE-
MENT THAT LUMMUS AND KELLOGG U.S. OFFICES WOULD COOPERATE
ON THIS VENTURE, WITH KELLOGG ACTING AS PRIME CONTRACTOR
AND LUMMUS AS SUB. EMBASSY WILL RECALL THAT TAVOULARIS
VISITED MEPD DURING APRIL IN WASHINGTON IN ORDER TO SEEK
USG ASSISTANCE IN OBTAINING AMERICAN TECHNOLOGY AND EQUIP-
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MENT FOR THE REINERY. PRELIMINARY RESPONSE TO PROJECT

HAD BEEN SOLELY FROM EUROPE. BECAUSE OF HIS PREDISPOSAL TO U.S. SOURCING, MEPD WAS ABLE TO PERSUADE KELLOGG, WHICH WAS ALREADY WORKING ON THE PROJECT FROM U.K. OFFICES, TO BID PROJECT FROM THE U.S. DURING SUBSEQUENT VISIT BY MEPD REP TO GREECE IN JUNE TAVOULARIS ALSO EXPRESSED INTEREST IN WORKING WITH LUMMUS BECAUSE OF NEW REQUIREMENT FOR ETHYLENE AND HIS REGARD FOR THEIR TECHNOLOGICAL EXPERTISE IN THIS FIELD.

3. ALSO, AS RESULT OF GROUP VISIT, KELLOGG/LUMMUS ARE MOVING AHEAD AS QUICKLY AS POSSIBLE. PURSUANT TO DISCUSSIONS IN GREECE, BOTH COMPANIES MET JOINTLY WITH FIRST NATIONAL CITY BANK (FNCB). THEY HAVE SUBSEQUENTLY BEEN ADVISED THAT FNCB OFFICER IN PIREAUS MET WITH TAVOULARIS TO DISCUSS FINANCING OF PROJECT, AND THAT FNCB OFFERED TO DO FINANCIAL FEASIBILITY STUDY. THIS OFFER WILL REQUIRE ASPROPYRGOS TO SUPPLY DATA RELATIVE TO RAW MATERIAL RESOURCES, PRODUCT MARKET, AND DEBT EQUITY STRUCTURE, ETC. OBVIOUSLY, THIS WILL ALSO REQUIRE PRIOR TECHNICAL INPUT, WITH WHICH KELLOGG AND LUMMUS ARE PREPARED TO ASSIST.

(FYI - KELLOGG AND LUMMUS WOULD ALSO BE AGREEABLE TO APPROACHING OTHER FINANCIAL INSTITUTIONS IF EMBASSY OR TAVOULARIS DEEM THIS WARRANTED AND DESIRABLE. END FYI.)

4. IT WAS UNDERSTANDING OF GROUP THAT TAVOULARIS IS MOST ANXIOUS TO PROCEED AS QUICKLY AS POSSIBLE IN ORDER TO HAVE PLANT ON STREAM WITHIN THREE YEARS. U.S. FIRMS HAVE WRITTEN A CONFIRMATION LETTER COVERING UNDERSTANDINGS AND CONTAINING A PRELIMINARY PROPOSAL. EMBASSY MAY WISH TO AGAIN CONTACT TAVOULARIS TO DETERMINE CURRENT ASPROPYRGOS TIME-TABLE AND PROGRESS TO DATE. SPECIFICALLY, WE SHOULD LIKE TO KNOW IF TAVOULARIS IS MOVING TO IMPLEMENT ARRANGEMENTS WHICH THE TWO U.S. FIRMS AGREE TO PROVIDE.

5. EARLY CONSUMATION OF THIS BUSINESS WOULD REPRESENT FIRST MAJOR PROJECT IN COOPERATION WITH U.S. FIRMS UNDER NEW GOVERNMENT. FOR THIS REASON WE RECOMMEND PRIORITY LIMITED OFFICIAL USE

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BE GIVEN TO MONITORING PROGRESS AND TO PROVIDING ASSISTANCE TO U.S. FIRMS AS NEEDED.

6. BORIS HYMAN WAS RECENTLY HERE FOR CONSULTATION AND THIS PROJECT WAS MENTIONED AT THAT TIME. HE WOULD PROBABLY BE INTERESTED IN THESE DEVELOPMENTS WHEN HE ARRIVES. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE204700
Document Source: CORE
Document Unique ID: 00
Drafter: COM/OED/MEPD/W. HAIMES
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740260-1184
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740938/aaaabfss.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAY 2002 by martinml>; APPROVED <06 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASPROPYRGOS REFINERY EXPANSION AND ETHYLENE FACILITY
TAGS: BEXP, GR
To: ATHENS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005